

2001

THE WHITE HOUSE

WASHINGTON

ER 88-1171X

25X1

March 15, 1988

OCA FILE

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Actions in Support of the Delvalle Government of Panama (S)

On Friday, March 11, 1988, the President issued a statement in which he encouraged the restoration of democracy in Panama and announced a series of steps in support of the legitimate Panamanian government, headed by President Eric Delvalle. A copy of the President's statement is attached. This memorandum sets forth the President's directions for implementing these steps. (S)

1. The United States Trade Representative, in coordination with the Secretary of State, shall ensure that actions necessary to suspend trade preferences available to Panama under the Generalized System of Preferences (GSP) and the Caribbean Basin Initiative (CBI) are taken as soon as possible. (S)
2. The Secretary of the Treasury and the Attorney General shall implement procedures to ensure that Panamanians entering and departing the United States, and shipments entering the United States from, or leaving the United States for, Panama are subject to intensified scrutiny to ensure compliance with United States laws, particularly those relating to trafficking in illegal drugs and money laundering. (S)
3. The Secretary of the Treasury shall immediately undertake an inventory of payments of any kind, including credits, loans, and cash transactions, made by or on behalf of the United States to Panama, its agencies, instrumentalities, and controlled entities. In addition, the Secretary of the Treasury shall immediately take steps to compile an inventory of the amount and location of funds, credits and other financial assets either currently held by, or owed to, the Government of Panama, its agencies, instrumentalities, and controlled entities by persons located in the United States. (S)
4. The Secretary of the Treasury, in coordination with the Secretary of State, shall take steps necessary to ensure that certain payments due Panama from the Panama Canal Commission are paid into such account or accounts as he deems advisable so that the funds are held for the legitimate Government of Panama, as previously requested by President Delvalle, and in accordance with the United States' obligations under the Panama Canal Treaty. (S)

~~SECRET~~

DECLASSIFY ON: OADR

~~SECRET~~DCI
EXEC
REG

5. The Attorney General, in coordination with the Secretary of State, shall immediately take all appropriate measures to support the legal actions brought by the Delvalle Government to secure its legitimate interests in accounts or assets maintained in the United States by or on behalf of the Republic of Panama, its agencies, instrumentalities, and controlled entities. (S)

6. The Secretary of the Treasury, in coordination with the Secretary of State, shall immediately prepare standby authorities for issuance if necessary to prevent the transfer of funds or other financial or investment assets to the Noriega regime, its agencies, instrumentalities, and controlled entities. (S)

7. The Secretaries of State and the Treasury are directed to request that potential donors not provide concessional resources to the Noriega regime in Panama. (S)

In addition to these measures, the President directs that:

-- The Secretary of Defense will take appropriate measures to assure the security of the Panama Canal, as well as that of U.S. installations, property and personnel. (S)

-- The Secretary of Energy, in coordination with the Secretaries of State, the Treasury and Transportation, shall immediately prepare an options paper to deal with any disruption of oil shipments through the trans-Panama pipeline and/or the Panama Canal. The paper shall describe concisely the energy and economic consequences of any disruption, the ability of the market to handle them, options the Administration could take to alleviate any disruption and maintain current production of Alaska North Slope oil and a recommended course of action. (S)

The Heads of other Executive Departments and Agencies are directed to cooperate with the Secretaries of State and Treasury, the Attorney General, and the United States Trade Representative to ensure that the above steps are implemented fully and expeditiously. (S)

Implementation of each of these steps will be coordinated by the Policy Review Group, chaired by the Deputy Assistant to the President for National Security Affairs. (S)

FOR THE PRESIDENT:



Colin L. Powell

Attachment
Tab A

President's Statement

SECRET

SECRET

Office of the Press Secretary

For Immediate Release

March 11, 1988

STATEMENT BY THE PRESIDENT

The United States has had a long and mutually productive relationship with Panama. The people of the United States consider the people of Panama to be near neighbors and friends. The historic Panama Canal Treaties exemplify the close cooperation that has traditionally characterized the friendship between the two countries which created one of the great engineering works of the human race.

Out of concern for our friendship, we have been saddened and increasingly worried in recent years as Panama's political crisis deepened. Our policy with respect to the situation in Panama is clear. We strongly favor a rapid restoration of democracy and the resumption by the Panamanian Defense Forces of a role consistent with constitutional democracy.

In the present circumstances, I believe that General Noriega would best serve his country by complying with the instruction of President Delvalle to relinquish his post. In so doing, General Noriega would contribute very substantially to reducing political tensions and set the stage for a prompt transition to democracy in Panama.

Until such a time as democratic government is restored in Panama, the U.S. cannot proceed on a "business as usual" basis. Today, therefore, I have taken a number of steps against the illegitimate Noriega regime that will contribute significantly to the goal of a democratic, stable and prosperous Panama.

I have directed that actions be taken to suspend trade preferences available to Panama under the Generalized System of Preferences (GSP) and the Caribbean Basin Initiative. Further, in keeping with the spirit of our war against drugs, I have ordered that Panama be subject to intensified scrutiny by our Immigration and Customs Services in order to apprehend drug traffickers and money launderers. Moreover, because we recognize President Delvalle as the lawful Head of Government in Panama, I have directed that all departments and agencies inventory all sources of funds due or payable to the Republic of Panama from the U.S. Government, for purposes of determining those that should be placed in escrow for the Delvalle Government on behalf of the Panamanian people. In that light, I have directed that certain payments due to Panama from the Panama Canal Commission be placed in escrow immediately. This step is in complete compliance with our obligations under the terms of the Panama Canal Treaties. I am prepared to take additional steps, if necessary, to deny the transfer of funds to the Noriega regime from other sources in the U.S.

We have welcomed the recent statements issued by President Delvalle, the political parties and the civilian crusade of Panama calling for a government of national reconciliation. We support their goal of restoring democratic government and constitutional order. Once Panamanians achieve this goal, the United States is fully prepared to work with the Government of Panama to help quickly restore Panama's economic health.

The United States has been, and remains, committed to fulfilling faithfully its obligations under the Panama Canal Treaties. We are also prepared to resume our close working relationships with the Panamanian Defense Forces once civilian government and constitutional democracy are re-established.

0